



DSCC

DSCC Initiatives

DSCC Supplier Conference

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Agenda

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- **Process**
- **Initiatives / Outcomes**
- **Current Focus**
- **Summary**



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Process



Tool: “Congruence Model”

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Strategy, Objectives
Vision

Executive
Leadership

Critical Processes

▮ Component Tasks

People

▮ Capabilities
▮ Competencies

Culture

▮ Norms / Values
▮ Behavior

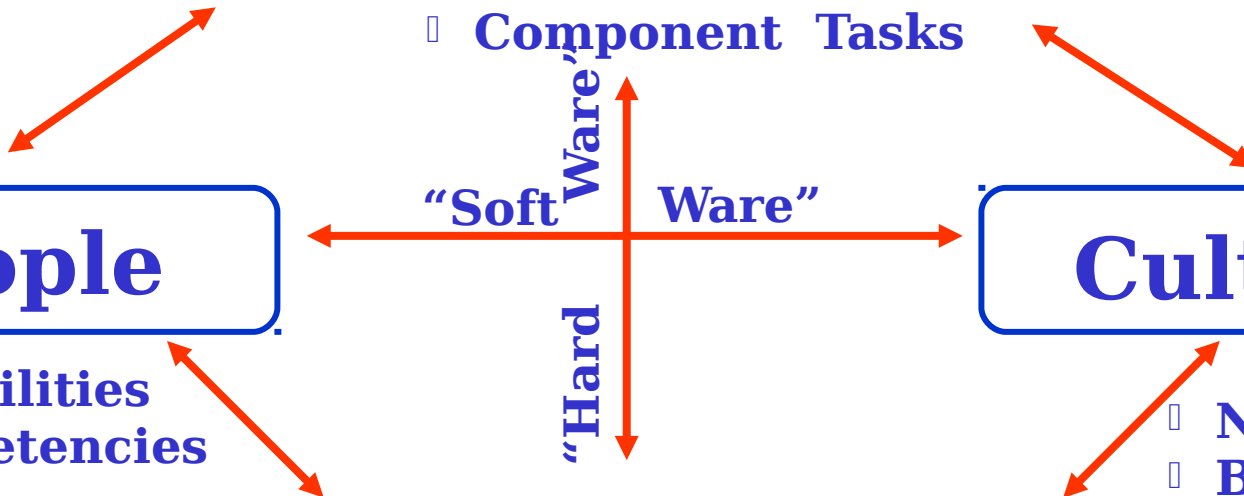
Formal Organization

▮ Strategic Groupings
▮ Formal Linking

“Soft”

Ware”

“Hard”





Process Overview

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Stage 1

Strategic Analysis
- What's our strategic Intent?

Stage 2

Gap Identification
- Select key performance Opportunity gaps

Stage 3

Root Cause Analysis
- Key contributors to our
- Why? Why? Why?

Stage 4

Solution Building
- What do we do?
- How? How? How?

Stage 5

Action Planning
- POA & Ms / Responsibilities



Strategic Linkage

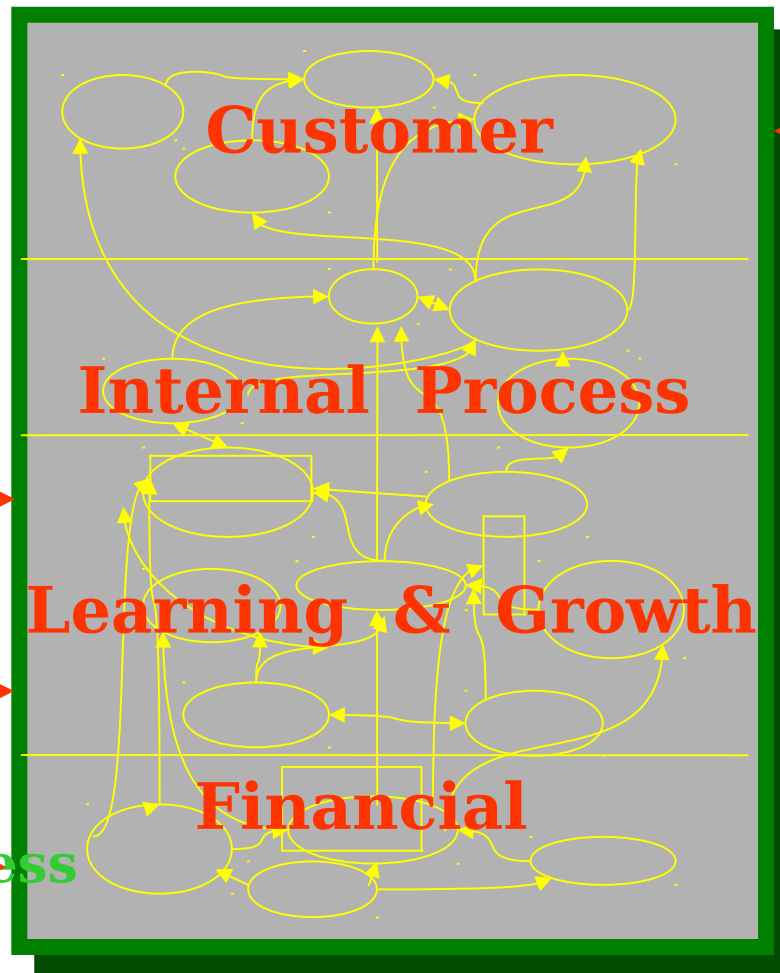
(Stage 1)

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FY00 - 04
Initiatives

Balanced Scorecard

DSCC
FY00 - 04
Initiatives



Reduce Defect

PLT Reduction

Material Cost
Reduction

OEF/OIF Lessons
Learned

Leadership Dvlp.

Host/Tenant Process



Gap Identification

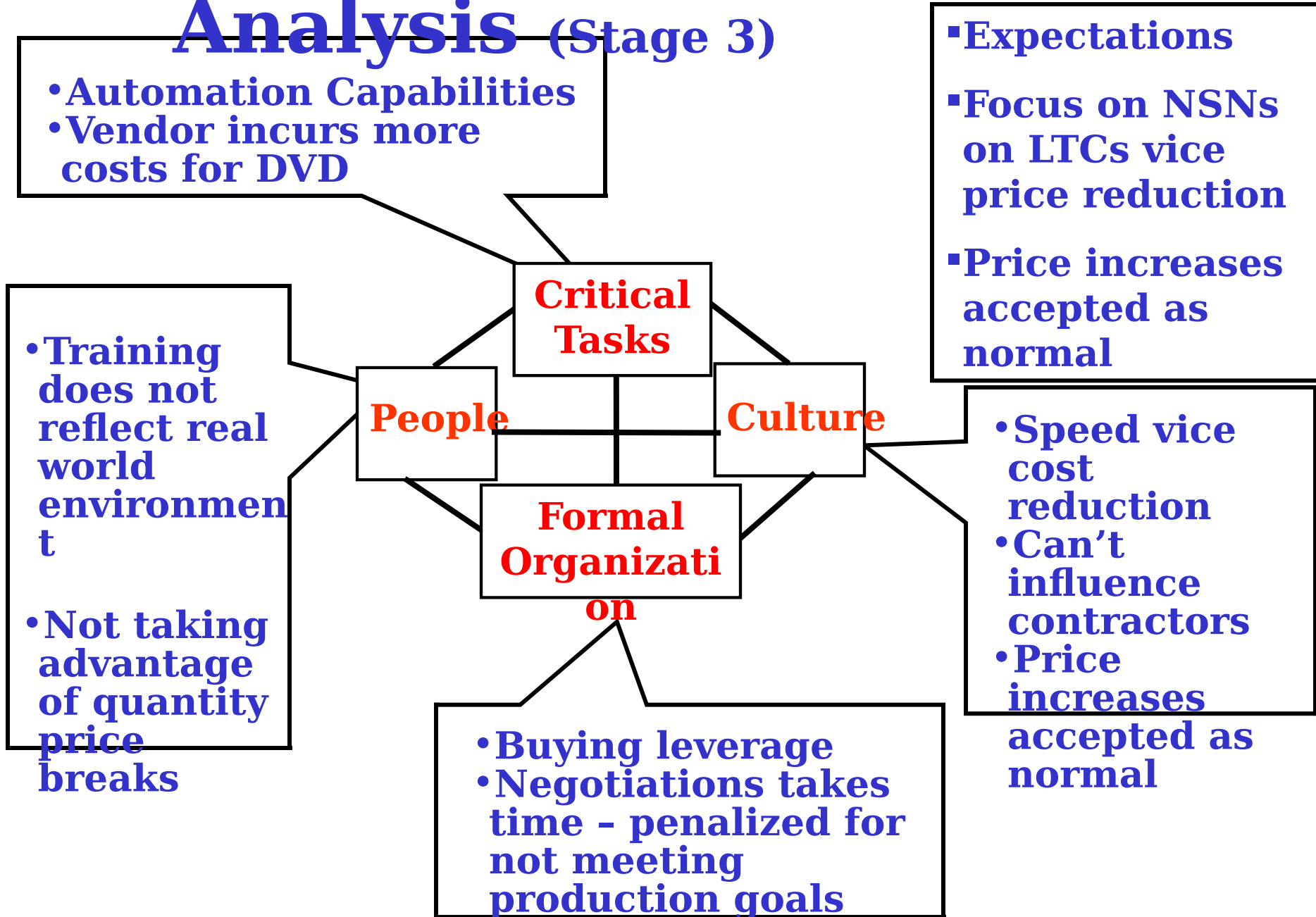
(Stage 2)

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- Senior Leadership / Supervisors / Union Propose Performance / Opportunity Gaps**
 - Command Down Select**
 - DSCC Offsites**
- Deliberate Attention To Expanded Diversity Among Participants**
 - Supervisor / “Devil’s Advocate” / Stand-out Associates Added To Mix**

Root Causes

Analysis (Stage 3)





Solution Building

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(Stage 4)

- ▮ **Process Yields Potential Initiatives**
- ▮ **Use 80 / 20 Rule**



Action Planning

(Stage 5)

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ID	Task Name	Start	Finish	OPR	January	February	March	April	May	June
1	Communication Plan	Fri 1/31/03	Mon 3/3/03				52%			
5	Identify the Population	Mon 12/9/02	Fri 1/10/03	R	100%					
9	Sponsor Incentive Program	Mon 1/13/03	Mon 4/7/03	P				37%		
10	Develop Proposal for Incentivizing Employee Negotiations	Mon 1/13/03	Fri 2/21/03	P		100%				
11	Brief ESG/Forums/Councils for input	Mon 1/27/03	Mon 4/7/03	P			20%			
12	Revise and Release through Command	Fri 2/21/03	Fri 3/28/03	P			0%			
13	Develop Business Academy	Thu 1/30/03	Tue 9/30/03	O						
14	Develop Curriculum	Thu 1/30/03	Mon 3/31/03	Focus Leads			0%			
15	Develop Pilot and Roll-out Plan	Fri 2/28/03	Mon 3/31/03	CSO-C			0%			
16	Conduct Academy	Mon 3/31/03	Tue 9/30/03	CSO-C						
17	Increase Price Challenge Visibility	Mon 1/13/03	Fri 2/21/03	V	100%					
18	Develop Approach	Mon 1/13/03	Fri 1/31/03	V		100%				
19	Brief ESG for input	Thu 2/6/03	Fri 2/21/03	V			100%			
20	Brief at Focus 03 IPR For Implementation	Fri 2/21/03	Fri 2/21/03	V			100%			
21	Require SSA/SMS Price Reduction Strategies	Mon 1/13/03	Fri 3/7/03	P			85%			
22	Develop Draft Policy	Mon 1/13/03	Thu 2/20/03	P			100%			
23	Review Policy and Incorporate Comments	Thu 2/20/03	Fri 3/7/03	P			50%			
24	DIBBS/PACE Enhancements	Mon 1/13/03	Tue 9/30/03	B/P						
25	Review Pricing Thresholds	Mon 1/13/03	Fri 4/11/03	P/B				33%		
28	Implement Price Break Analyzer	Fri 1/31/03	Tue 9/30/03	B						
31	Implement Automated Negotiations	Fri 1/31/03	Tue 9/30/03	B						
34	Require Incremental Bids	Mon 12/2/02	Tue 9/30/03	B/P/R						
35	Develop Price Break Analyzer	Mon 12/2/02	Tue 12/31/02	R	100%					
36	Establish Policy/Guidance	Mon 1/13/03	Fri 1/31/03	B/P		100%				
37	Deploy through ESG/Councils/Forums/MOTD	Fri 1/31/03	Fri 2/28/03	B/P			50%			
38	Track Results	Fri 2/28/03	Tue 9/30/03	R						
39	Deploy Materiel Cost Reduction Dashboard Metrics	Mon 1/6/03	Fri 3/7/03	B/R			69%			
40	Identify Source Data and Metric	Mon 1/6/03	Fri 1/10/03	R	100%					
41	Develop Automated Dashboard Feed	Mon 1/13/03	Fri 3/7/03	B			66%			
42	Ensure Previous Awardees Contacted	Mon 2/17/03	Mon 3/17/03	P				0%		
43	Send Electronic Notice to Vendors for Automated Systems	Mon 2/24/03	Fri 2/28/03	B			0%			



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Initiatives / Outcomes



FOCUS Initiatives/ Outcomes

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Initiatives

Outcomes

War on Backorders

36% Reduction

LRT/CWT Reduction

Down 30%

Reduce Our CRR

**From Current 37% CRR to
in FY04**

Managing Our Suppliers

**Increased LTC Dollars Obligated
by 200.5M from 356.9M in FY01
to 557.4M in FY02**



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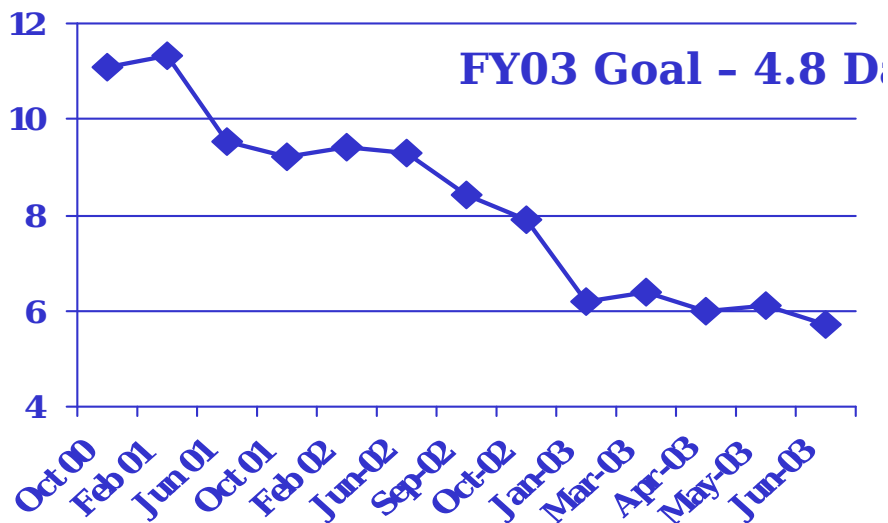
Has It Worked ?



Key Metrics

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Logistics Response Time



PR Processing Time



Manual ALT



Shift To Commercial Practices





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Current Focus



FOCUS 04 Targets

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- ▢ Reduce Defect Rate
- ▢ **Production Lead-Time**
- ▢ Institutionalize Lessons Learned OIF / OEF
- ▢ Optimize Host / Tenant Relationships
- ▢ Leadership Development
- ▢ **Material Cost Reduction**



Opportunity Gap

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**Reduce Overall
Production Lead
Time (PLT) By 25%
In FY04**

Root Causes

- Vendor Performance
- **Limited Communication with Vendors**
- Limited Use of Contracting Techniques
- Inadequate ESA
- Support/Communication
- Inadequate Metrics

Critical Tasks

People

Culture

Formal Organization

- **Negotiation Skills**
- Limited Understanding of Financial Impact
- No Common Understanding of Options with Delinquent Contractors

- Complacency Regarding PLT
- Need for Better Communication
- **Fear of Taking Risks**

- Lack Automated Tools to Evaluate Trade-Offs
- **Limited Long-Term Vendor Relationships**
- Soliciting Only For PLT of Record
- Limited DCMA Industrial Specialist Involvement

Solutions

Demo
At
This
Conference

- **DSCC Industry Day**
- Buy Requirement Projections on Web
- Use Delivery Evaluation Factors
- Improved Engineering Support

- Solicit a 30% Reduction in PLT
- Use Cost Model for Evaluating Extensions

**Critical
Tasks**

People

Culture

**Formal
Organizational**

on

- Challenge Leaders, Forums, and Councils
- **Recognize Personnel Who Reduce PLT**

- **Train Workforce**
 - Negotiations
 - Support Tools
 - Options for

Delinquent

Contractors

- Establish Online Delivery Evaluation Factor Model
- Expand DCMA Support Role
- Aggressively Develop Strategic Supplier Alliances
- **Establish PLT as a Dashboard Metric**



Actions / Expected Outcomes

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- ▣ Solicit for Reduced PLTs - Automated/Manual**
- ▣ Improve Communications with Suppliers**
- ▣ Train and Empower Acquisition Personnel**
- ▣ Establish and Monitor Metrics on PLT**
- ▣ Expected Outcomes:**
 - ▣ Shortened Reaction Time to Surge Demands**
 - ▣ Reduction of Production Lead-Time Inventory Investments**
 - ▣ Re-Investment of Savings**

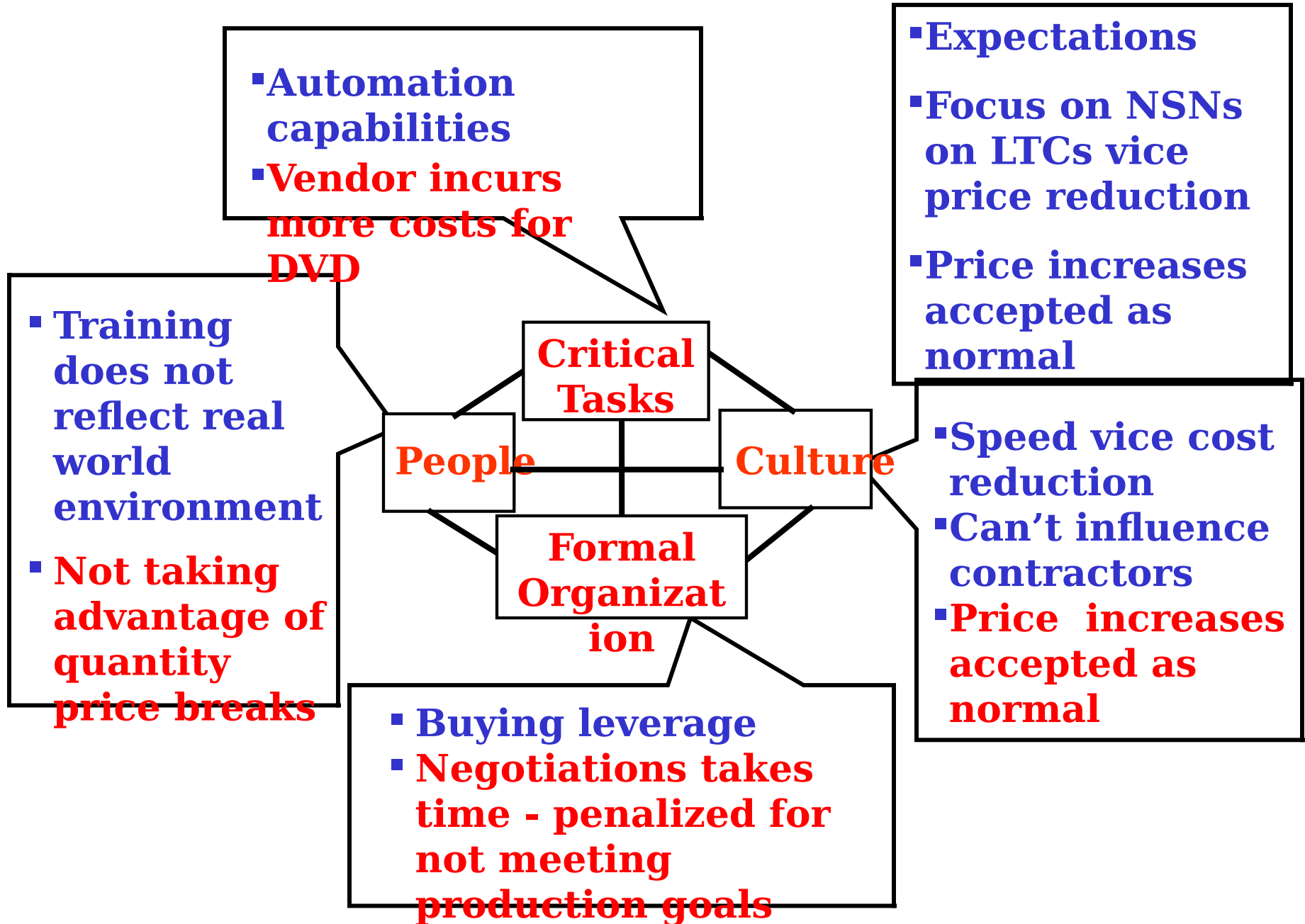


Opportunity Gap

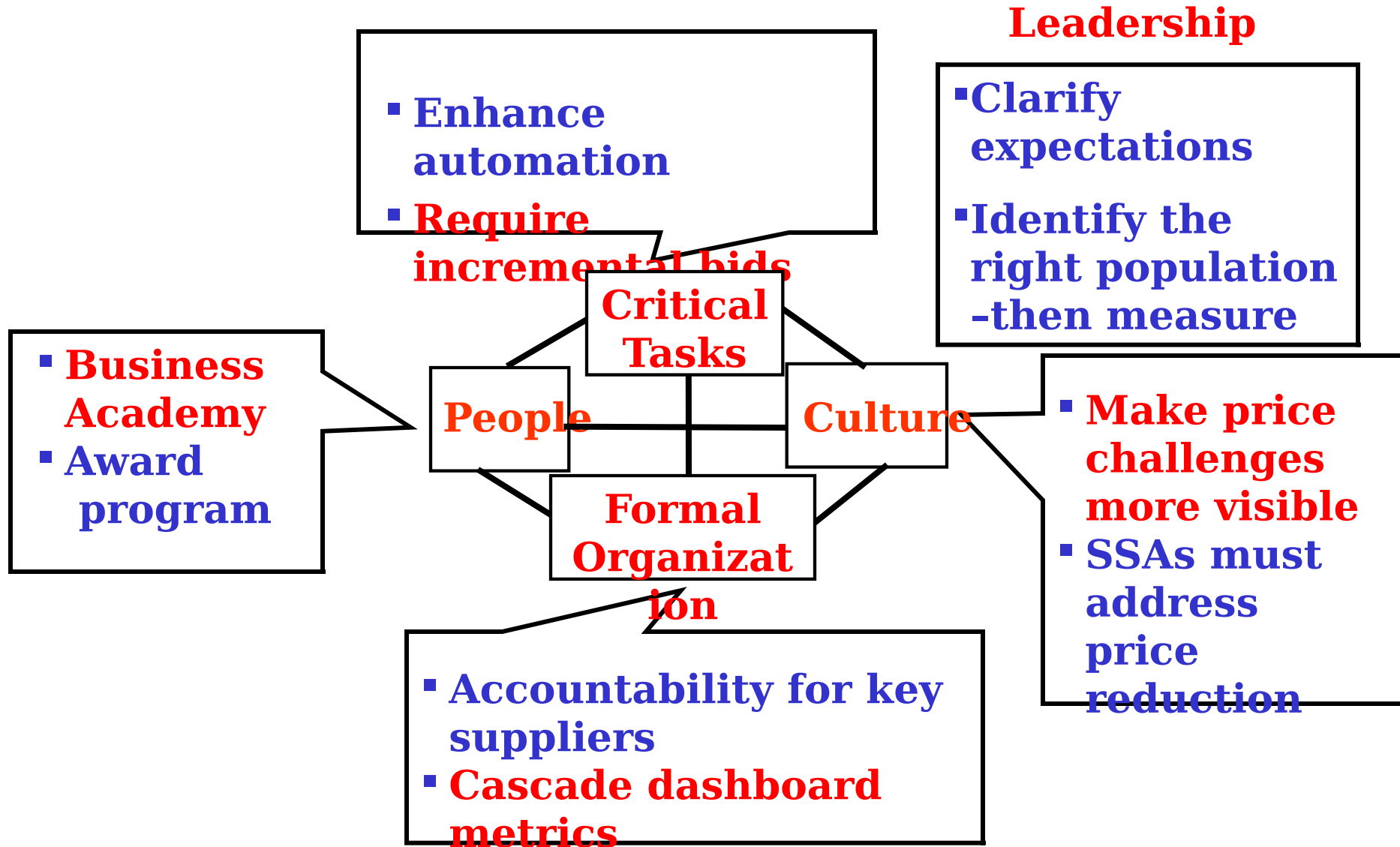
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**Institutionalize Materiel
Cost Reduction
Strategies by End of FY
04**

Root Causes



Solutions





Actions / Expected Outcomes

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- ▮ **Designed The Template**
- ▮ **Execute The Right Strategies**
 - ▮ **Make Visible To Buyers On The Floor**
 - ▮ **PACE Enhancements**
 - ▮ **Long Term Contracts**
 - ▮ **Strategic Supplier Alliances**
 - ▮ **Dashboard Metrics**
- ▮ **Expected Outcomes**
 - ▮ **Institutionalize MCR processes internally and partner with suppliers to achieve success**



Summary

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- ▢ **Proven Change Management Process in Place**
- ▢ **It's Working !**
- ▢ **FY00 - 02 Inwardly Focused**
 - ▢ **Cycle Times, Through - Put**
- ▢ **FY 03 / 04 Externally Focused**
 - ▢ **Supplier's / Customers**
- ▢ **Want Your Input**
 - ▢ **PLT, Materiel Cost Reduction**



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